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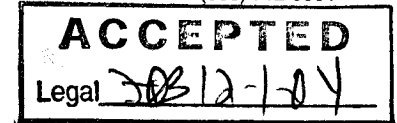
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November 30, 2004

VIA HAND DELIVERY

The Honorable Charles Terreni
Chief Clerk and Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

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RE: Duke Power, a division of Duke Energy Corporation ("Duke"), Annual Plan
Docket Number 2004-258-E.

Dear Mr. Terreni:

A panel from Duke consisting of Janice Hager, Vice President of Rates & Regulatory Affairs; James Northrup, Director of System & Power Planning; Robert (Scott) Henry, Vice-President of Energy Policy (as of January 1, 2005) and Robert Pierce, Senior Engineer from Power Delivery System Planning, presented an Integrated Resource Planning presentation to the Public Service Commission of South Carolina ("Commission") on November 9, 2004.

During that session, Duke offered to provide additional information with regards to three questions from the Commission. Those questions were related to the South Carolina retail load class distribution and time-of-use rates for residential customers. In response to the questions, Duke provides the following answers:

Q1: What is the breakdown between commercial, industrial, and residential customers for South Carolina?

In 1994, the South Carolina retail load distribution (by kWh sales) was 23 % residential, 18% commercial, and 59% industrial. Over time, that mix has changed such that in 2003, the customer distribution was 29% residential, 25% commercial, and 46% industrial. The change is a result of residential and commercial load growth and an erosion of the number of industrial customers. The projected distribution is expected to be 31% residential, 31% commercial, and 38% industrial by the year 2019. To observe the historical and projected retail customer distributions for South Carolina, please refer to the accompanying SC Retail Customer Distribution Chart.

Q2: How would time-of-use (TOU) rates help residential customers? How effective is it for residential? What are the demographics of the residential TOU customers?

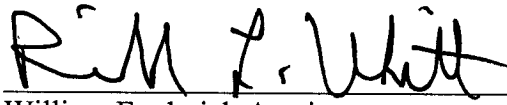
Residential TOU rates can be advantageous to the high load factor residential customer or one with significantly higher energy usage than the average residence. Larger users have enough kilowatt hours over which to spread the demand charges and they can add incremental kWh at a relatively low price. As of year-end 2003, there were about 280 customers on the South Carolina residential TOU rate, with an average energy usage of 2177 kWh per month, significantly higher than Duke Power's average residential customer usage of 1100 kWh per month. We do not have any demographic information on the TOU customers.

Q3: How much savings would a residential customer receive for switching to a TOU rate schedule?

The amount a customer can save varies significantly based on energy consumption per month and how much the customer is willing to alter their energy usage to avoid peak hours to achieve the savings. For example, on the TOU rate, a customer can reduce demand by 1 KW and save \$4-5 on the bill while still using the same kWh. Using a non-TOU rate, a customer would have to reduce their energy usage by 75 – 100 kWh to realize the same savings.

Typical residential customers with lower energy usage find it more challenging to realize the savings. This is because they do not find the price of electricity high enough to radically change their peak time of usage to realize significant savings. It is also more challenging for lower use customers to have enough load to shift to off peak where the savings would exceed the cost of additional metering costs and the basic facilities charge. A copy of Duke Power's residential time-of-use rate is attached.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. L. Whitt". The signature is written in a cursive style with a horizontal line underneath.

William Frederick Austin

Richard L. Whitt

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RLW/rgw

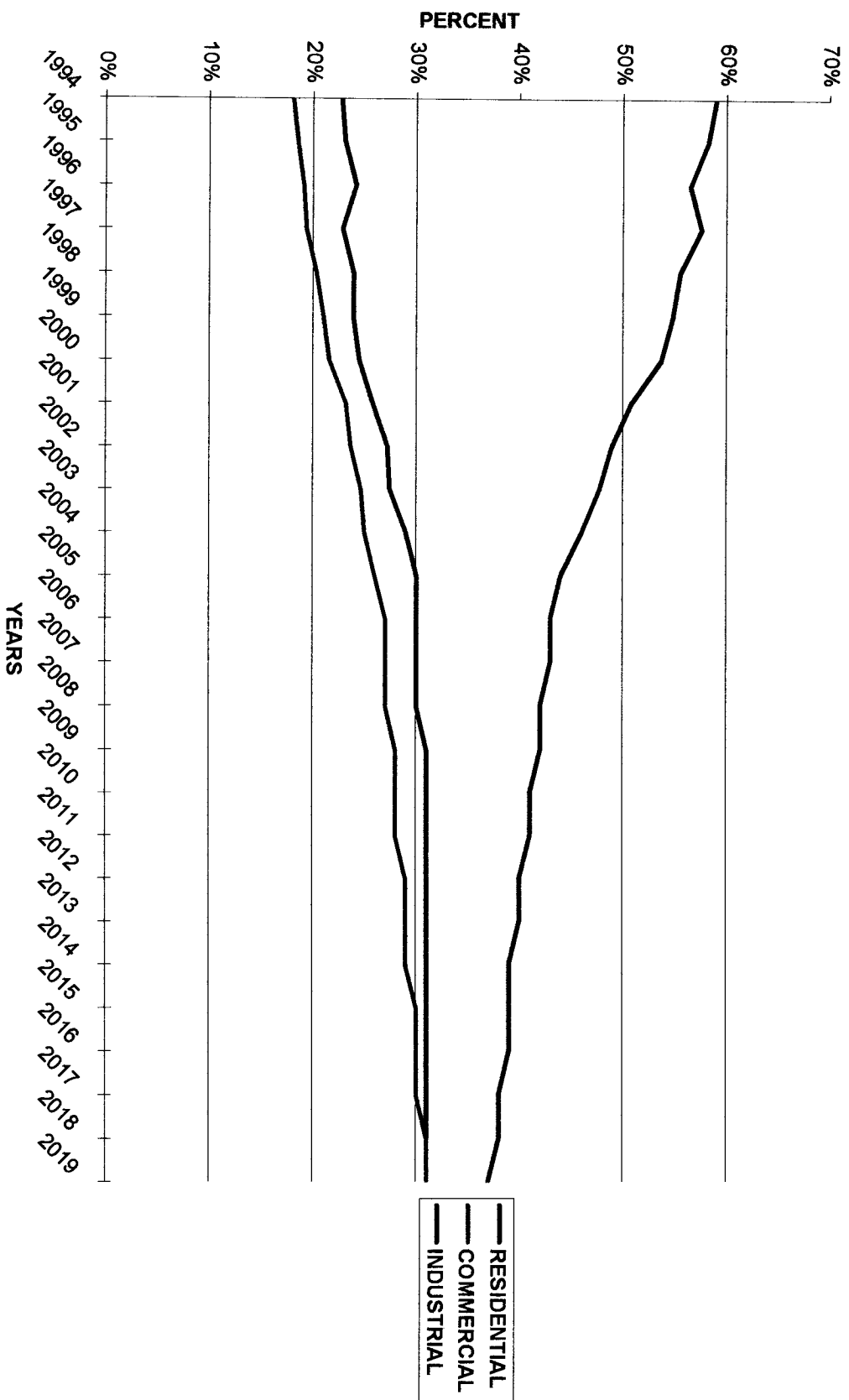
cc:

F. David Butler, Esquire

Randy Watts

Dr. James Spearman

SOUTH CAROLINA RETAIL DISTRIBUTION



SCHEDULE RT (SC)
RESIDENTIAL SERVICE, TIME-OF-USE

AVAILABILITY (South Carolina Only)

Available on a voluntary basis to individually-metered residential customers in residences, condominiums, mobile homes, or apartments which provide independent and permanent facilities for living, sleeping, eating, cooking, and sanitation.

TYPE OF SERVICE

The Company will furnish 60 Hertz service through one meter, at one delivery point, at one of the following approximate voltages, where available:

- Single-phase, 120/240 volts; or
- 3-phase, 208Y/120 volts; or other available voltages at the Company's option.

Motors in excess of 2 H. P., frequently started, or arranged for automatic control, must be of a type to take the minimum starting current and must be equipped with controlling devices approved by the Company.

Three-phase service will be supplied, if available. Where three-phase and single-phase service is supplied through the same meter, it will be billed on the rate below. Where three-phase service is supplied through a separate meter, it will be billed on the applicable General Service schedule.

RATE:

I.	Basic Facilities Charge per month	\$11.59	
		Summer Months <u>June 1 – September 30</u>	Winter Months <u>October 1 – May 31</u>
II.	On-Peak Demand Charge per month	\$6.41	\$3.21
III.	Energy Charge		
	a. On-Peak energy per month	4.5023 cents per kWh	4.5023 cents per kWh
	b. Off-Peak energy per month	3.5225 cents per kWh	3.5225 cents per kWh

DETERMINATION OF ON-PEAK AND OFF-PEAK HOURS

	Summer Months <u>June 1 – September 30</u>	Winter Months <u>October 1 – May 31</u>
On-Peak Period Hours	1:00 p.m. – 7:00 p.m. Monday – Friday	7:00 a.m. – 12:00 noon Monday - Friday
Off-Peak Period Hours	All other weekday hours and all Saturday and Sunday hours. All hours for the following holidays shall be considered as Off-Peak: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving Day and Christmas Day.	

ADJUSTMENT FOR FUEL COSTS

The Company's Adjustment for Fuel Costs is incorporated as a part of, and will apply to all service supplied under, this Schedule.

DEFINITION OF "MONTH"

The term "month" as used in this Schedule means the period intervening between meter readings for the purposes of monthly billing. Readings are taken each month at intervals of approximately thirty (30) days.

Summer months' rates apply to service from June 1 through September 30. Winter months' rates apply to service from October 1 through May 31.

DETERMINATION OF BILLING DEMAND

The On-Peak Demand for billing purposes each month shall be the maximum integrated thirty-minute demand measured for the On-Peak period during the month for which the bill is rendered.

MINIMUM BILL

The minimum bill shall be the Basic Facilities Charge.

Schedule RT (SC) (continued)

SALES TAX AND MUNICIPAL FEES

Any applicable sales tax, municipal service agreement fee, business license fee or other fee assessed by or remitted to a state or local governmental authority will be added to the charges determined.

PAYMENT

Bills under this Schedule are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the twenty-fifth day after the date of the bill. In addition, all bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 1/2%) late payment charge on the unpaid amount. This late payment charge shall be rendered on the following month's bill and it shall become part of and be due and payable with the bill on which it is rendered.

CONTRACT PERIOD

The original term of this contract shall be one year, and thereafter, until terminated by either party on thirty days' written notice.

South Carolina Twenty-Fourth Revised Leaf No. 15
Adjustment for Fuel Costs
Effective for bills on and after June 1, 2004
PSCSC Docket No. 2004-003-E
Interim Rate Reduction Rider
Expired for bills on and after October 1, 2004
PSCSC Docket No. 2003-271-E